

CONGRESSIONAL RECORD—HOUSE.

DECEMBER 22, 1913.

Mr. LINDBERGH. Mr. Speaker, I am mindful of a picture in life. It is that of the school children of to-day, throughout all parts of this country, being taught the principles of conservation—told that it is not their generation alone to conserve for, but that they must build for all the future as well; told to conserve the forests, the minerals, the waters, the soils, and all the things required for the use of humanity. This is being taught in all the schools and the homes. For example:

Nevis is a small village located in one of nature's beautiful parks in northern Minnesota. In the early summer I accepted an invitation to address the people at a fair which was held at Nevis last October. You Democrats issued one of your caucus decrees to put the House out of work just previous, therefore I was able to comply with my promise. I went straight from Washington to Nevis.

Soon after my arrival at Nevis Prof. R. M. Washburn, of the State university, who was at Nevis to lecture in the interest of farming, seized me by the arm. The professor was aglow with enthusiasm and requested me to follow him. I could understand that some grand object lesson was in store. Sure enough, he led me to a hall and had me stand where I could overlook an exhibit of agricultural and horticultural products, and also various kinds of needlework, drawings, and other industrial products of the people there. "This," he said, "is one of many fairs that I have attended. Behold this exhibit."

It was, indeed, a beautiful sight to anyone who would associate all that he saw there, in all its relations to the world as well as to the people there. "See," said Mr. Washburn, "the school children's exhibit. What does that suggest to you along the conservation line?" Mr. Washburn looked like a mountain of comprehension, and it was plain that he expected me to rise to the importance of the suggestion. He was not a mere enthusiast. He knew that there was more than appeared on the surface. He knew the difference between the rearing of children in the country and rearing them in the great cities. He suggested some of these differences—all favorable to the children on the farms and in the villages. They will have the best of it in the coming struggle for the settlement of the great social problems.

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The village folks, joined by their neighbor farmers, had collected together the evidences of the intelligence and thrift of the exhibitors and the productivity and adaptability of the climate and soils for certain agricultural and horticultural products. It was, of course, not the first such exhibit that I had seen, but just then, direct from the Nation's Capital and the doings of Congress, the importance of what had been suggested to me and my own observations along the lines of human industry everywhere, linked in their relations directly and indirectly with the acts of Congress, made an extraordinary and vivid impression on my mind.

Is all this to make humanity more prosperous and happy? If it were so, it would be well, for above all things it is important to conserve to men and women the products that result from their intelligence and industry. That is the hope of the world. But that kind of conservation has been almost wholly neglected. Congress appropriates more to protect the hogs, cattle, and dumb animals than it does to preserve satisfactory conditions among the people.

The things that are taking place at Nevis in a way are taking place in the agricultural districts everywhere. It is being supplemented in the factories, in the mines, on the railways, and in the various industries where people are working to produce the necessities of life. To conserve these people and their children in health, prosperity, and happiness is the real conservation problem—to conserve the products of their own energy for their own use, and not for the purpose of giving it to pay interest on credit supported by themselves, but paid to bankers and others. That is the real problem that is before Congress in the consideration of the currency bill, but the currency bill fails in this respect. It simply gives the bankers the privilege of extending credits to charge the people interest on, while the Government is to support it.

I doubt that any Member would intentionally wrong the people, but it is known that the Money Trust is adroit in its plans to defeat those who dare to oppose it. Members who oppose it are subject to all kinds of attempts to injure their reputation back in their districts. The trusts control some of the newspapers and have them and other agents at work. These libel, slander, and hatch up all sorts of schemes in the hopes to start the people themselves to making unfavorable comments about Members whom the trusts wish to remove from Congress.

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But the people have discovered this and are not often fooled by them. So now the Money Trust has supplementary schemes, and try them out with some success in molding legislation. This scheme has been to make the people believe that the trusts are opposed to the very thing that the trusts favor. It is assumed that the people will favor what the trusts openly claim to be against. Smoothly the Money Trust has played a game of fake opposition to allay the suspicions of the public while it put through Congress its plan to shape this new bill. Members have voted for it who never would have done so if they did not believe the people wanted it. One of the shrewdest things that has occurred in connection with this bill was a speech made within the walls of this Capitol by a very distinguished person in opposition to the bill. I believe that speech to have been made for the very purpose of giving it a better chance to pass.

The new law will create inflation whenever the trusts want inflation. It may not do so immediately, but the trusts want a period of inflation, because all the stocks they hold have gone down, because the people got suspicious of them in the investigations and refused to buy. They have been dropping for a long time. Now, if the trusts can get another period of inflation, they figure they can unload the stocks on the people at high prices during the excitement and then bring on a panic and buy them back at low prices. Formerly they worked the stocks up and down several times a year to fleece the people, but the people have been keeping out of stocks for a while. Excitement, it is hoped by the trusts, will bring them back.

Several in both House and Senate voted against this bill because their votes were not necessary to carry it. But if it stood in danger of losing, like the 23 Democrats who a few sessions since came to the rescue of the standpat Republicans to save as much of the gag rules as possible, here too, I repeat, if it were necessary to save from defeat this Money Trust bill, there would be a sacred and trusted "23," so to term it, on hand to help pass the bill.

This act establishes the most gigantic trust on earth, such as the Sherman Antitrust Act would dissolve if Congress did not by this act expressly create what by that act it prohibited. When the President signs this act the invisible government by the money power, proven to exist by the Money Trust investigation, will be legalized.

The bill establishes regional banks to be owned by the other banks. The United States Treasury collects taxes from the people. These it will deposit in the regional banks, but will get no interest or at least very little. These banks will be controlled by nine directors—three of them selected by the Federal Reserve Board and six by the banks. That will give the banks full control, with the privilege of the three other directors to look on and see how slick they will do it. It will work out in about this way: All the taxes collected from the people by the United States officers will be deposited in the regional banks. Those of the people who have any money will deposit it in the local banks. The people who are compelled to borrow will go to the local banks and borrow that money. It will be the same money that their neighbors and their beloved Government, the United States, deposited in the banks. They will give their notes for these loans to the local banks. The local banks will send the notes to the regional banks which they own. The regional banks will take them to the people's Government, the United States, and have some more money printed. This the local banks will get. This may be loaned to manufacturers, merchants, etc., and their notes taken, and these notes again may be sent to the regional banks to go through the same process to get some more money from the United States—and so on the endless chain will continue. That is the financial end of it. Then comes the domestic. Of course we all know, and I shall explain the process later, that all this interest is added to the price of the things we buy, or if we are the original producer, subtracted from the things we sell, or in case we are wageworkers it is subtracted from our wages or made up by extra hours of work. The consequence is that the farmer's wife, the wageworker's wife, and others' wives who are not supported by the usury system, are compelled to work long, long days in their domestic toil, and their daughters are sent to be the servants of the usurers, and their husbands are kept in the field, at the bench, or other place of toil, all to pay the usury that has been supported by the old system and enlarged on by this new fraud. When I hear politicians talk about a progressive administration, and then review this bill, which is to be a Christmas gift to the Money Trust, I pity the innocent children all over this land—defenseless they are, but the burden created by this act in lieu of a promise for liberation from the false old system that has made 94,000,000 people industrial slaves, is a shame that should make the administration seek its own oblivion.

The trusts may have temporary prosperity by reason of this act. They control the banking interests. This is a great grant to the banks, immensely more than they had a right to expect even from a subservient Congress. But their triumph is the loss of the people. The people may not know it immediately, but the day of reckoning is only a few years removed. The trusts will soon realize that they have gone too far even for their own good. This act places the jackscrew and the vise completely within their hands, and the squeezing process which they will apply to force the last bit of energy from the toilers to enrich the wealthy will go to the point of maddening the people.

Since there is no hope to stop this Congress from passing this bill, I shall discuss a few of the principles involved and the ways and means for the people to make a declaration of independence to relieve themselves from the money power. This they will be able to do by taking control of Congress.

The bill is of such far-reaching injustice that I feel it my duty, preliminary to considering some fundamental principles involved, to make some observations on the system that has made it possible to prevent Members of Congress from preparing a good bill and forcing a vote upon it.

The Money Trust caused the 1907 panic, and thereby forced Congress to create a National Monetary Commission, which drew a bill in the interests of the Money Trust, but Congress did not dare to pass the bill as coming from that Commission. The main features of that bill, however, were copied into this bill. In 1912 I made a speech predicting that that would be done, and, further, that the Money Trust would cause a money stringency in order to force its bill through Congress. All this has now taken place. This bill is passed by Congress as a Christmas present to the Money Trust.

The political cowardice existing in this Capitol will prevent adequate reform until the people themselves realize more fully the burden that is placed on them by the interest, dividends, rents, and profits allowed by law, and collected by banks and others who control centralized wealth.

The money power overawes the legislative and executive forces of the Nation and of the States. I have seen these forces exerted during the different stages of this bill. It has convinced me that the people can secure no help from Congress until public sentiment is directed to a specific bill in the people's interests. There has been a strong sentiment for reform, but it has not been directed to a specific remedy, and, therefore, the Money Trust has taken advantage of the sentiment, and under disguise has put forward its own bill—the bill that is about to become a law. Had the people presented a bill and demanded Congress to pass it, Congress would not dare to pass this bill as a Christmas present to the Money Trust.

Even the House bill was a vicious bill, and I so stated it before, but it could hardly be worse than the old law. It might be better, but the Senate amendments have completely legalized a gigantic trust and reenacted the old Aldrich-Vreeland emergency currency act of 1908. It shows how persistent the trusts are to control those in power. The Democrats here, then, and many of them are still in Congress, all voted against that bill, and now when in power all of the Democratic Senators and all but two of the Democratic Representatives in the House vote for it.

The grandiloquent attempt is being made to make the people believe that the control of the money system is being taken out of the banks and placed in the Government. There never was a more deceptive attempt than this. The people are principally interested in how to get money when they need it and what it will cost them. This bill empowers the banks to get more money on the credit of the people so as to collect more interest.

Those who tell you that the Federal reserve board has like powers with reference to finances that the Interstate Commerce Commission has with reference to railway transportation either try to deceive or are ignorant on that point. There is this vital, and it is a vital, difference: The Interstate Commerce Commission can regulate rates to be charged shippers, but the Federal reserve board have no power whatever to regulate the rates of interest that bankers may charge borrowers of money.

This is the Aldrich bill in disguise, the difference being that by this bill the Government issues the money, whereas by the Aldrich bill the issue was to be controlled by the banks. No one should be deceived by that change, however, for by this bill the Government can let no one but the banks have the money. It is optional with them whether they will take it or not. If they do, they will control it without limit. Wall Street will control the money as easily through this bill as they have heretofore. It makes no difference that the money can not be secured from the Government on stocks and paper based on stock gambling, for the Wall Street banks have enough commercial and other discountable paper to borrow on, and when they get the money they can and will loan it direct to the stock gamblers, to be used to exploit the people. I do not believe that any intelligent person is simple enough to not know that what I state is the exact truth. You will be surprised to see how quickly the special interests will accept this bill. There will be no delay about that. They may not pretend it, but it will be done just the same. This is merely one of several installments of bills that are to be used as promises to the people to fool them. They will be told that the next one will cure defects. And when the next one comes, then it will be the next after that, and so it will continue till the people look into the matter themselves. It is all a pretense for the purpose of making the people believe that good things are coming, and in the meantime the millionaires will have gotten more millions at the people's expense.

In view of the conditions that I have in part described and shall further discuss, I am convinced that the greatest prospects for reform is for the people themselves to frame concrete measures and present them to Congress and demand their adoption. If it is left to Congress to draft bills, they will be drafted in the interest of the Money Trust as the present bill has been. The people have much more to gain from their own work than they generally realize. They are paying for all the things that are being done, and they have the opportunity, if they will avail themselves of it, to so organize that they may secure the fruits of their own industry, instead of letting the parasites enjoy it. Men and women should not drudge as they do. All that is necessary for them to avoid it is to so govern that they enjoy the results from their own energy.

BORROWERS FORCED TO APPLY TO THE MONEY TRUST.

I challenge any Member to show how any person can get money under this bill without going to a bank for it, and I also challenge any Member to show me one syllable in the bill that will regulate the bank in the least in the amount of interest that it will charge. The power of the banks has been increased to expand credits and collect interest from the people for their stockholders on the credit of the Government. But inasmuch as there is no way to make Members who are subservient to the bosses remedy a fraud on the people, I shall first observe the system of politics that has made it possible to perpetrate the plan. I do this with the hope of interesting the people to arise in their own behalf.

Barnum, the great showman and entertainer of children, small as well as those grown up, is said to have said something like this:

The American people love to be humbugged.

Plainly, intelligent observers can see that Congressmen know that if Barnum said that, he erred. Senators and Representatives know that the American people hate to be humbugged. That may be inferred, because they take infinite pains to conceal the fact that Congress is the greatest of humbugs. We hear much about Wall Street fleecing the lambs, but that is not a "patchin'" in comparison with what the Senators and Representatives humbug the voters. The people have spotted Wall Street and do not trust it. We expect Wall Street to cheat. Wall Streeters have not taken an oath to serve the people, but Senators and Representatives have. Wall Streeters could not cheat us if Senators and Representatives did not make a humbug of Congress.

THE FARCE OF PARTY CONTROL IN CONGRESS.

The division of Congress into political parties is a crime. No intelligent person who has been here long doubts that the present main object of the bosses in the political parties is to get office and to grant special favors at the people's expense.

The party of Abraham Lincoln was created because there was a division of opinion as to whether this country should be slave or not. That could be settled only by a strong party. When it was settled there was no further occasion for a division among the people. All the political problems now existing are economic and should be settled on the basis of business judgment.

It is contrary to the plain interests of the people and of government itself to have the bosses fence the people into various political pastures to oppose each other. There are now no conflicting interests except those fostered by a division of the people into political parties.

The people, individually and collectively, should use every means possible to destroy the existing boss system. Individually and collectively they may have to work within one party to destroy government by other parties as well as to prevent government by the party within which they work. If the existing machinery is bad and is the only thing left that we can use, and it is required to destroy the false structure, it should be used.

Congress was not originally a humbug, but it developed into one by reason of its division into political parties. The Republican Party was not originally a humbug, but political bosses got control after the slavery problem was settled and its administration became a humbug, and for that reason it met defeat. The Democratic Party was not originally a humbug, but in that, too, the bosses got control and its administration developed into a humbug and is one now, and for that reason should be defeated. The Progressive Party did not start as a humbug, but if it should obtain power and undertake as a party to govern the Nation its administration would develop into a humbug, the same as the other parties while in power did.

My colleague from Iowa [Mr. Wood], chairman of the national Republican congressional committee, is one of the best Members in this House and is independent and progressive. The December Reflector publishes an article by Mr. Wood, disclosing that he (using his language)—

Believes that the American people, when they register their will at the polls, are actuated by a desire either to continue existing conditions or remedy unsatisfactory ones—

And that—

when their judgment is adverse to the Republican administration, it behooves our party—

Meaning the Republican—

to determine the underlying reasons for the change and apply the necessary correctives.

Mr. Wood's statement is additional evidence of what I claim as a reason why no party should control Congress. What he points out as the reason for the people registering their disapproval is continually happening because of party government in Congress and in legislatures.

The people can not by that system register their wants. They can only vote to negative what has been, if they think that a different vote will not get still worse results, and sometimes they are willing to take a long chance. They vote to eliminate the worst of the existing evils. That is what party government amounts to. That is not affirmative government by the people, but it is negative. It will take the people very much longer to get their rights that way than by a more direct control—that is, government by Congress itself. Each district should be responsible for its own Member and hold him responsible to the district instead of letting him be bound and gagged by a political party boss.

This is inherently a National Government, and that is why party government is unsuccessful in dealing with the economic problems. We have changed from one party to the other, and the uncertainty that is created makes harder times. If we had a people's Congress, there would be stability. We could then solve the economic problems in the interest of all the people. There would be continuous improvement.

In most cases political parties have had their origin for good cause. I hold no brief against any party operating in its proper place. In fact, parties may be of great service. But I hold a brief from my constituency to register the strongest protest and opposition that I can against any party usurping the powers of Congress.

I have watched the operations of false government by party that make Senators and Representatives who subordinate themselves to party rule practice perjury and treason galore. In some cases their wrongful acts are hidden and screened by rules and practices adopted in order to enable them to do that. But in other cases they believe, if done in the party name, it will be forgiven—even approved by a partisan constituency—and in those cases Members proceed boldly, as if to do a thing in the name of a party is justified, however much it conflicts with the people's rights.

CAUCUS IN CONGRESS IS CONSPIRACY.

The caucus crime is one of the methods used. The people are told that the caucus is justified when it begets better legislation. The bosses are very careful not to explain that the caucus is resorted to principally to prevent legislation most favorable to the people. Of course the bosses know that some improvement will be forced, and they resort to the caucus to keep it as little as they think the people will accept without giving the bosses trouble. The caucus keeps it at the least.

The correct name for a caucus is "conspiracy." The conspiracy here is to usurp the powers of Congress and do as little for the people as it is thought the people will accept. I have been fighting the caucus system and the secret meetings of committees ever since I came to Congress. When I began the stand-pat press poked fun and ridicule at me for doing that. The whole country is now fighting to kill "king caucus." Even Collier's Weekly, which ordinarily supports the Democrats, mildly criticizes them by publishing in a 1913 number the following:

* The caucus system, even in the form in which the Democratic Party is now using it, is doomed and will not last beyond the present session. It is against the present spirit, and it is not consistent with present-day ethics and politics.

It is not enough to destroy the caucus conspiracy, however. Party government is practically the same thing as caucus government. I fought party government from my first entry into Congress. I believe I am the pioneer in the fight. Among others, Collier's Weekly again said in September, 1913:

With the beginning of the coming session the power of the caucus will be a thing of the past. As soon as this happens there may very well come a break-up in the parties, which is the necessary preliminary to a new line-up in the United States—a normal division between men whose minds and interests are conservative and those whose minds and interests are liberal.

Collier's Weekly, however, did not correctly estimate the Democratic bosses in Congress, for the Democratic Senators in this now regular session held caucuses to regulate the currency bill that should pass the Senate.

SECRET MEETINGS TO DECEIVE PUBLIC.

I introduced a resolution myself in the House Banking and Currency Committee to have all its meetings open to the public, so that the public would know what was being done by the committee. The liberal press supported it, the stand-pat press opposed it; but it got publicity both ways, and the majority of the committee did not dare to make a record against the public demand. So my resolution passed. But note what was done to evade it. The Democratic members, who were in the majority, called no more meetings of the Banking and Currency Committee until they had held numerous secret meetings and fixed up a bill, and then they called a meeting of the Banking and Currency Committee, which was simply to report it to the House. Minor amendments were allowed. Four that I offered were accepted, and I think an equal number offered by my colleague, Mr. SMITH, of my own State, and three or four others. But all the amendments of vital importance were voted down

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on the express statement made by more than one member of the committee that he could not vote for an amendment not consistent with the Democratic caucus.

That is the way these secret meetings and secret caucuses work to defraud the people by preventing the best kind of legislation.

POLITICAL PATRONAGE.

The political bosses maintain their position by patronage. The Democratic and Republican Party bosses have been equally guilty in using patronage as a means to bribe. It costs the bosses nothing, as the people pay the salary of all appointees, and the bosses use them to carry on their campaigns to fool the voters.

Any new party that is actually progressive and any old party becoming actually progressive will advocate that public appointive offices be distributed in the proportion of the respective numerical strength of the parties. Any official who is progressive and honest in his administration, if he has appointments to make, will, so far as possible, distribute them amongst the several parties in the proportion of their voting. That would insure freedom, remove prejudice, create a wise and natural checking for efficiency, and give general respect. To practice that would change this from a factional government, as it is now, to a people's government.

This is not a mere academic problem. I wish to explain what sort of a deal so-called party government has given the people.

FORMER GREAT ADVANTAGES SACRIFICED.

There was a time within the generation of those now governing that the conditions in this country promised the people exceedingly good results. Conditions originally were all right. But under party government, officered by men long in Congress, and some of them still here, we have been getting into more and more difficulty. There is a very serious dissatisfaction, justly so, among the people. They have been deprived of the results that the advantages originally promised them.

Consider conditions as they were and then the results. While the political parties started with things in excellent shape, and while some of the men then and still in office had a chance to conserve to the public the natural advantages, things went wrong. They did not so much as file a protest, because they wanted to "stand in" so they could appoint their supporters postmasters or to some other office that the people pay salaries to. Instead of the people now possessing the natural advantages the trusts have gotten and capitalized them, and the salaries of patronage officials are paid out of the people's daily earnings.

WHY LONGER TRUST THOSE WHO FAILED?

How can we expect the same system and the same men that failed to conserve the advantages that the public so recently had are going to rise to the present emergency to reinvest the people with their sacrificed advantages? The problems were simple when they took charge, but now they are complex. If the public is made to believe that the political parties and the men who have run the ship of state on to the rocks can be trusted because they profess to be progressives, after the votes are counted, but never were progressive before, then our children are to be pitied for the results that would come from the credulity of their parents.

The stockholders of the Hartford & New England Railway Co., when they found the company in trouble and its resources squandered, discharged the officers. The company is now doing better. It would profit the people to put the politicians and bosses and the political parties out of Congress. They have squandered the Nation's resources.

Men and parties who are forced to become progressives, or to say that they are, because the voters have demanded progress before the officeholders and the party bosses have seen the necessity, can not be depended upon to see any necessity for further progress until the voters force it. They may still further delay progress by caucus-secret committee meetings and rules fixed to screen the boss system. Many of those who were stand-patters when the progressive movement began and now pretend to be progressive are solely so for the purpose of stopping the progressive movement from materializing into full benefits.

THE LOSSES.

Let us review some of the advantages that we had and that have been lost or impaired by party government administered by political bosses, some of whom are still in office and are trying their utmost to keep the political parties in control of Congress.

The people did own the lands and the minerals. Congress gave half of the lands and practically all of the minerals to corporations, or left the way open for them to acquire the minerals. Congress allowed speculators to secure the Government's most valuable forests.

Congress permitted the valuable patents and patentable inventions to be monopolized, so as to give a monopoly of their use.

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Congress permitted transportation companies to establish systems of discrimination favoring certain individuals and localities, thus causing some individuals to acquire colossal fortunes and some communities to grow to unnatural proportions, all at the expense of an economic general system that would be favorable to the public.

Congress permitted private individuals to monopolize the telephone and the telegraph, two great service instruments that the public should own.

Congress has permitted many other valuable instruments and conditions to become controlled by special interests. But of them all none is so important as those needed for the mediums of exchange—the telegraph and the telephone, to communicate information; the railways and the waterways, to facilitate the physical exchange and the travel; and the money, for the adjustment of accounts.

These that I mention and some others are controlled as special privileges by a few persons. They were acquired either by grant of Congress or because of the negligence of Congress. The public was rich in resources, but its wealth has been squandered. Watered stock has been issued by the special privileges. The public is charged compound interest and profits on what it originally owned, but lost through the negligence of Congress. That is one of the results of "caucus government" by bosses in the name of parties.

The greatest crime of Congress is its currency system. The schemiest legislative crime of all the ages is perpetrated by this new banking and currency bill. The caucus and the party bosses again operated and prevented the people getting the benefit of their own Government. The subject of banking and currency can be simplified by a few preliminary observations.

A FEW HINTS ON THE COST OF LIVING.

Why did Congress create an expensive commission to consist of outsiders, which by its expense makes living cost more, when there were 200 more Members in the House than are necessary?

This commission can not inform Congress of anything about the cost of living that the Members themselves can not ascertain from observation of facts that are occurring daily under their very eyes. Congressmen draw high salaries. Why was not the commission created from their own number? It would save the people paying additional expenses to tell Congress what any intelligent person can ascertain by watching daily occurrences.

Why does Congress create boards, commissions, and committees from the outside to advise it on matters that Members themselves can ascertain from work that should be done by their own excessive membership? These boards, committees, and commissions are created in order to pay off political debts, thereby increasing the cost of living, and also for the purpose of giving Congress excuses to delay needed legislation. Most of the Congressmen never read the reports. In fact, many of the reports are not worth reading. Is it any wonder that the public lost its respect for Congress? No intelligent person can review its acts and respect it.

The cost of living will keep going up as long as the laws of nature are violated by uneconomic practices. We must pay the penalty.

I knew a farmer who owned his land, with modest but good buildings and improvements, out of debt, and getting along very well, but had no money. He decided to build a fine new house and barn, and buy an automobile. He mortgaged his farm to secure the money. He employed men to do that part of the work that he and his family could not do. He boarded them. Thereafter he had an annual interest to pay. The mortgage is still on. His cost of living is increased because of high interest, but his farm yields him no more income than if the venture had not been undertaken. Many farmers, and modest citizens in towns, give mortgages with the same result.

The same principle applies to the human family as a whole as applies to the individual. The people are working at many things—building great cities, railway systems, public buildings, monuments, etc., as well as harbors, canal systems, and other things too numerous to mention them all. These are of a permanent character; some of them are expected to last thousands of years. The people are also working to manufacture all sorts of things to entertain the rich and to satisfy their whims, things that ordinary people have no means to enjoy. Notable among these are high-priced automobiles, summer homes, yachts, and other special contrivances.

In New York City are found examples of the most extravagant. Other large cities copy so far as they are able. Two new railroad terminals in New York City alone cost \$200,000,000; office buildings there by the hundreds cost from \$3,000,000 to \$25,000,000 each; bridges, tunnels, and underground railways alone cost over \$1,000,000,000. These are only a few of the many things there, but they show the scale of expenses. It takes armies of men and women to do the work. Other armies, so to speak, are required to supply the contrivances exclusively for the rich and idle.

We have seen that a farmer increased the cost of his living by building a new house and barn, buying an automobile, and so forth. That principle applies with much greater force to the building of great cities, and all the things required in them, and the systems of railways and all the other things. Immense debts are created on which the people generally are paying the interest. It is not necessary to the intelligent to enumerate in detail more than a few things. I discussed the high cost of living more in detail on the following dates: April 21, 1910; February 27, 1912; August 1, 1912; reported in the CONGRESSIONAL RECORD.

SPENDTHRIFT GOVERNMENT.

No one reasonably objects to paying taxes when he gets full value in a necessary service. The objection is to spendthrift government. The Census Bureau has issued a late statement showing the cost of governing the cities to be about \$1,000,000,000 annually. No one farm product would pay for this. It would take more than all the profit from the raising of corn, wheat, oats, and cotton to pay it.

It costs \$35,000,000 to run Boston for one year, equal to about \$50 per capita; that is over \$225 for each of its families. It takes about \$4.35 per week out of the wages of the head of the family. That is for the city expenses alone. In the country districts there too we find spendthrift government. In addition there is a spendthrift State government that adds still more to the cost. Then comes the United States with an annual expense exceeding \$1,000,000,000 annually. The cost of government is constantly increasing. I mention Boston merely to give a concrete example. It is the same in other cities.

Who is paying all this cost, which surely exceeds \$500 per family, on the average, in the whole United States? The farmer, the wage earner, and people generally who earn their living—these, the voters, do they realize that they are paying for spendthrift government? Are they figuring that because their direct taxes may be only a few dollars, and some of them none, that they escape the tax? I hope none is so deluded. Furthermore, does anyone working for less than \$500 think that he can not be taxed even to exceed that sum? I hope no one is so ignorant as to think that.

There are many ways to collect taxes indirectly, whether it be fair or dishonest. One is to make the laborer, whether it be on the farm, in the shop, on the railway, or other place, do longer day's work; one is to pay them less for the time than they earn, or, in case of a farmer, less for the product of his farm than it is worth; another is to add it to the cost of the things they must buy—that is, to the rents, the grocery, the clothing, and other bills. It all comes in some form; if not in direct taxes, it is concealed in the lower wages paid, or in extra hours of labor for which nothing is paid, or, in case it is a farmer or other plain producer selling commodities to the middle men, it is subtracted from the price.

It is not the property owner alone who pays the taxes due to extravagant government. The owner passes the tax along to be paid by the working people, wherever and whatever they may be doing. The vast expenditure being made in national armaments, on canals, in great buildings, and so forth, and in duplicating systems of railways, and all the other great expense is also passed along to be paid by the plain people. Go into any of the ultrafine hotels on any evening and see the enormous extravagance of guests. It goes on in thousands of hotels. The plain people work to pay all that. It all goes to jacking up the cost of living.

I quote the following paragraphs from a speech and resolution of mine in a previous Congress. It is to show that the toilers are not benefited by excessive construction:

House resolution 636.

Whereas it is among the declared purposes of our Government to establish justice and insure domestic tranquillity and to promote the general welfare; and

Whereas there is a persistent and irrepressible economic conflict now everywhere manifest in the economies of production and distribution between those who own the principal means, appliances, and materials of socialized production and distribution, on the one hand, and the smaller owner and those who perform the social service, manual and mental, on the other, and since said conflict, unless soon

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reconciled, threatens to overthrow all social order: Therefore, among other important facts relating to the same, it is important to know—

(a) That it is a fact that the production of permanent, material, capitalistic wealth for speculative and remote future use is so great that in its production and maintenance it robs the industrial forces engaged and consumes the material resources required to produce the urgent necessities of the present day and generation. On that account there is now insufficient production and distribution of the things necessary to supply the common needs, and therefore most people are in want of many of the actual necessities. This condition is largely caused by the overgrowth of the larger cities in this and other countries and by the construction of systems of canals, railways, buildings, and other permanent structures, many of which are built solely for the investment of capital, while instead the energy of labor and the use of capital and machinery should be employed in the promotion of industries with the main purpose of supplying the necessities for the people's use, convenience, and well-being. The people's energies and the material substances are being thus used to provide capital with permanent investment. In this way capital is created from the material resources, and is supplemented by the great wealth that labor adds, but it is controlled by a few individuals whose direct purpose is to use it as a basis on which to collect interest, dividends, and maintenance cost from the people. The cost of living can not be reduced and conditions materially bettered so long as so much of the natural resources and energies are employed to produce profits regardless of the service to be secured.

(b) That it is an economic fact that interest, rent, and dividend indebtedness levied on the present basis are partly made up by enforcing longer days of labor and reducing wages, partly by deduction from the price of the farmer's products when he sells, partly by increasing the price of the necessities of life that must be purchased by the consumers; but even in all these ways rents, dividends, and interest at the rates charged can not all be paid, because it is impossible to pay in full, and therefore bankruptcy will be constantly in process and the scale of living low for the majority so long as we follow this system. Interest compounded on the large capitalized holdings of wealth at the rates commonly charged equals in a few years all the country's resources. Under such a system periodical panics are bound to occur. The people can not be prosperous under any government that permits a business policy and practice that eventually leads them to bankruptcy. Since our Government now permits and encourages special credit advantages in favor of invested capital that obligates the people to pay its owners higher interest, rent, and dividends than it is possible for them to pay, property is given a more secure status than personal rights, and much property is being produced for the purpose of appropriating the energy of the masses for the profit of the few. Under such practices all but the favored few suffer.

(c) That it is a fact that discriminations exist in our social organization, sometimes practiced privately and sometimes publicly, giving special favors to individuals, concerns, and localities without economic reason therefor. This in itself creates inequality and increases the common burdens

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(d) That it is an economic fact that the burden of production rests on the toilers, mental and manual, whether they be on the farm, in the factory, in the store, or engaged in the sale or distribution of the commodities of commerce, or otherwise. They support and maintain all social institutions, whether these pertain to production for present or future use, and whether such production furnishes necessities, pleasures, supplies, or other conditions of life. There is no other source from which the necessities and conveniences may be economically secured. Capital, even after accumulated, can not maintain itself, but depends upon labor for its value and conservation. Even money and credit furnish no material substance, but merely express a convenient measure of exchange used because of the fact supported by the fact that it is accepted in terms of exchange. The cost of living is increased by all persons who are engaged in any work of unnecessary duplication; also by those occupied in producing things that are not required for the present or future of the living generation, or naturally incident to the establishment of practical working conditions where more permanent construction is necessary. Any undertaking which does not have for its purpose the production of conditions that produce the necessities, conveniences, or luxuries practical to be enjoyed, or for use by the people generally, or in their distribution, sale, and exchange, increases the cost of living. Fellow workers in all useful and necessary pursuits are coordinate, and are cooperative and not competitors under economically governed conditions. Those only are competitors who consume without producing an equivalent, either in producing the necessities or in their distribution, sale, and exchange. It is an economic fact that modern machinery, new methods, and better appliances have enormously increased the productive energy of the people. Therefore, if economic order governed in the production and distribution of things necessary, convenient, and desirable, there is ample means by which all industrious people can secure all things reasonable and desirable to make them successful. This can be done by very much shorter days of labor than are now being expended by most people in order to work out what proves a burdensome existence under present conditions. It can not, however, be accomplished while each individual pursues indiscriminately this, that, or the other purpose in life without special or even general information that the undertaking fits into any real need. Naturally, under the disorder that exists, there is an enormous waste of energy and resources, and some will be idle while the majority will be overworked, underpaid, and therefore deprived of the advantages to which the industrious are entitled. None would lose by creating order out of the present disorder, but all would gain by the elimination of waste and wanton extravagance.

(e) That it is a fact that corporations have been organized to overcome some of the disorders that have been common in business. But these, in most cases, are trusts, and operate for extremely selfish purposes. The public derives little benefit from their existence, but on the contrary in some cases is actually injured. The trusts have been able to systematize and practice economy in the cost of production and distribution, but, since they are monopolies, the public has not had a proper advantage from their formation. On the contrary the trusts have used the monopoly to reduce prices when they buy from the original producers and increase them when they sell to the consumer. They build up colossal fortunes—commonly called vested capital—for the individuals who control them. On these fortunes the public is charged annual compound interest, rent, and dividends. Experience teaches the managers of the trusts that they may cooperate to their mutual business profit, and therefore there is a

community of interest between them. But there is no community of interest between the trusts and the public except in the sense that there is a community of interest between the farmer and his team or his cows.

(f) That it is a fact that in this country there are natural conditions, resources, and advantages sufficient to satisfy and supply every human need under economically governed use and application of our industrial forces in their development. People have the intelligence required to bring about better conditions if they will make the effort. The problem is to direct things in a way to prevent waste of energy and resources in the production of things unnecessary and to exert more energy in the production of the necessaries, and otherwise reconcile the present industrial conflict in a manner which will bring about a reasonable adjustment.

PRESENT BAD FINANCE IS THE CAUSE.

My purpose is to show that we can not accomplish improvement in either the cost or the advantages of living as long as the present money standard and its application under the present system, or that proposed by the President's new bill, is or will be in operation. That system is responsible for our economic troubles. The trusts, the tariff, and the various other troubles of which complaint is made, are fathered by the false money system.

The special interests and the politicians are making all sorts of complicated and mysterious arguments to deceive the people. If the people knew that their Government, which through their own apathy they permit to be run by political charlatans, was operated on a plan that makes it certain that only a few out of more than 95,000,000 inhabitants can be successful in the degree that the natural conditions justify, they would rise in their power and do for themselves that which the present Congress fails to do for them.

We have been told by the "select" and by the "special interests" and by that portion of the press and news agencies "kept" by the "special interests" and by officeholders that this is the grandest Government in the world.

A lot of poor governments—this might be a mighty poor Government and still be the best of them all. It ought to be the best, because it has had the best opportunity. It is the best, but that notwithstanding, the results show that it is a mighty poorly governed country.

THE GOVERNMENT SHOULD CONTROL THE MONEY.

The banks have been granted the special privilege of distributing the money, and they charge as much as they wish. The President's new bill gives the bankers even greater powers than they had under the old laws. Heretofore they could get bank notes only on the debt of the United States. Under the new bill they can get United States Treasury notes on my notes, on your notes, and on everybody's notes except the farmers' notes secured on the farms that feed us all.

The farmers' secured notes will not be accepted under the President's bill. It is not because the farmers were forgotten. I introduced an amendment making farmers' notes secured by real estate mortgages, having no more than 180 days' maturity, eligible to secure United States Treasury notes on, but the committee said that the Democratic caucus had refused that, so the Democrats voted it down.

What is the fundamental basis of the new bill? It is the same as the old law and practice. It is that gold shall continue a special property on which the people shall, whether they wish it or not, gamble. It is that property shall be preserved as having greater potential force than the human family. I submit herewith a table of interest that is supported by the system—the old system—and given greater power by the President's new system, because that permits inflation of credit for the banks to collect interest on. The following table, compiled by a former Librarian of Congress, shows the growth of \$1 by compounding interest annually in advance in the manner of the banks. One dollar loaned for 100 years would grow as follows:

Interest at—

6 per cent per annum would amount to-----	\$340
8 per cent per annum would amount to-----	2, 203
10 per cent per annum would amount to-----	13, 808
12 per cent per annum would amount to-----	84, 075
18 per cent per annum would amount to-----	15, 145, 007
24 per cent per annum would amount to-----	2, 551, 798, 404

That shows the potential power of the dollar as the country is now organized. No human being can compete with it. Nothing can compete with the dollar except \$2, and nothing with \$2 except \$3, and so on up, the greater the sum the greater the cinch. The bankers control it. We have no vacation of 100 years to get a hundred years' effect. That system has been in operation under a somewhat smaller expansion of credit than that promised by the new bill for over 100 years. It has been in operation on a large scale for the last 25 years in this country, and by reason of it we find the people of the United States

classified with regard to their income and financial status, as follows:

Number of the class.	Persons engaged.	Average income.	Aggregate income.	Number in each class, including their families.
1.....	37,815,000	\$601	\$22,725,500,000	94,537,500
2.....	126,000	4,500	567,000,000	315,000
3.....	178,000	7,500	1,385,000,000	445,000
4.....	53,000	12,500	632,500,000	132,500
5.....	24,500	17,500	428,750,000	61,250
6.....	10,500	22,500	236,250,000	26,250
7.....	21,000	37,500	787,500,000	52,500
8.....	8,500	75,000	637,500,000	21,250
9.....	2,500	175,000	437,500,000	6,250
10.....	550	375,000	206,250,000	1,375
11.....	350	750,000	262,500,000	875
12.....	100	1,500,000	150,000,000	250
	38,240,000	25,426,440,000	95,600,000

Nos. 8, 9, 10, 11, and 12 in my table comprise 10,000 persons whose incomes in their respective classes average from \$75,000 per annum to \$1,500,000, with a total income of \$1,693,750,000 per annum. This income is not for personal services rendered but is the increment from "vested property." Assuming that the sum is 6 per cent on a capitalization, it is supported by approximately \$17,000,000,000 capital. Interest compounded annually at 6 per cent on the bankers' plan doubles the principal in less than 11 years. In 33 years the capital of the 10,000 persons, without any further activity on their part than to reinvest the interest, would give them \$136,000,000,000, or a little more than the present valuation of all the property in the United States.

WHO CAN ESCAPE?

The people in class 1, in the table I present, have already been reduced to about the lowest extremity. There are over 94,000,000 of these people. Now and then one from this class makes a lucky strike, or by sheer force of some extraordinary kind is able to get out of it and into one of the other classes. Under the system he must oppress the class from which he emerges, or else reduce one or more in the other classes to this class. A few such there are and will continue to be, but the total of the underpaid and overworked will increase instead of diminish as long as the system works the interest, dividend, rent, and profit game exhibited by the interest table quoted.

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As between the several classes whose incomes average from \$4,500 per annum to \$1,500,000 their number will be reduced. Many of the less wealthy will, by the very nature of the system, be reduced to a class with lower incomes. Of course, some high salaries are paid to managers that come from the lower paid classes, but those are the exceptions and do not prevent the process of the system reducing the plain people to the position of industrial slaves that they are now.

WE ARE NOT WITHOUT HOPE, HOWEVER.

The people have yet left to themselves political liberty, and when they have come to a realization of the hopeless struggle that they make while the present system prevails, they will throw off the yoke and adopt their own system for their own use instead of as at present being governed by the bankers' system for the bankers' use.

I pass now to a consideration of the false and shameful act of this Congress in giving to the bankers the monopoly of the distribution of money. They have been given the exclusive control without limit as to the charges that may be made to borrowers.

WHAT THE FARMER GETS.

The President's message contains words of encouragement for financial aid to farmers, but it only reads well, for the bill supported by the President "is the proof of the pudding," in that the farmers get the smallest crumb. Let us investigate.

I represent a district 60 per cent farmers, with 12 of the best counties in Minnesota. On September 4, 1912, that district had 33 national banks, with \$1,614,050 capital and surplus and \$9,319,405 deposits. Farmers own stock in these banks. The exact amount belonging to farmers deposited in these banks is not known.

More than half of the wealth in the district belongs to the farmers. They undoubtedly at least own half of the \$9,319,405 deposits, or \$4,659,000. The President's bill permits these national banks to loan on the security of the land that grew the products that were sold for the \$4,659,000 only a "sum equal to 25 per cent of their capital and surplus." That is, \$437,525 is all that the farmers can borrow of their own money on the best security in the world.

The other \$4,211,475 in the 33 banks belonging to farmers may be loaned to "Tom, Dick, and Harry," whoever and wherever they may be, just so that it is not on farm loans. The farmers in that district have more than ten times greater deposits in the national banks than the President's bill permits the banks to loan on the farmers' best security. That is rank injustice and discrimination against the farmers, and it is aggravated by the fact that the banks may, and to a great extent do, loan these deposits to speculators who exploit the farmers and others with their own money. That is so in all agricultural districts.

The bankers are not to blame. They are forced to adjust to the way business evolves under the law. I am not complaining of the bankers. Were I a banker I would be compelled to do business in the same way that they are doing. The people shall have to blame themselves for not electing a better Congress.

What benefit, if any, do the farmers get from their share of the deposits? In the district I represent farmers have about \$4,250,000 more deposits in the banks than the President's bill will allow the banks to loan to the farmers on their improved land. After allowing for the reserve more than \$3,500,000 of this may be loaned to corporations and others than farmers in business or speculation.

The farmers who have deposited in the banks would be benefited if the banks were permitted to loan the deposits to neighbor farmers instead of to speculators. Estimating that the farmers get an average of 2 per cent interest on their deposits, it nets them \$85,000 on the \$4,250,000. Some get 4 per cent, but many get none. No interest is paid on open accounts. Estimating that the banks get 7 per cent on the \$3,500,000 that they loan, it would give them \$245,000, a net profit over the cost equal to \$160,000.

The whole \$245,000 is charged back to the people on the price of the goods and services that the money goes into. The farmers themselves practically pay all of it, because I have taken into account only one-half of the deposits, while the farmers must buy for 60 per cent of the population.

A subcommittee is framing a bill for a system of farm credits and loans. Ordinarily it is not fair to assume in advance that an insufficient bill will be the result, but in view of all previous legislation, and especially the new bill, I give it as my opinion that it will be framed up as "sop to the farmers." It will not be what the farming interests merit.

FARMERS HAVE NO SPECIAL PRIVILEGE, BUT BANKS HAVE.

It is true, as the President stated in his message, that "the farmers, of course, ask and should be given no special privilege." The farmers never have had a special privilege and probably never will ask for one. But the President's bill does contain a special privilege to the bankers. No such great special privilege was ever before extended.

The President's bill directs all the money into the control of the banks—the money loaners. It will be used by them to exploit the borrowers and users of money. If not enough can be collected into these centers, then the Government will print more to place there. The banks and special centers will get the exclusive control of all the stocks of money. They will form the greatest trust in the world. The bill does not limit the charge that the banks can make borrowers.

I hope that the public may soon take as much interest in banking and currency legislation as the bankers do, for the public is just as much interested and the importance to the public is as much greater as the number of people constituting the public exceeds that of the bankers. Congress can only be forced by public opinion. Until it is, it will legislate in favor of the banks and against the people.

INVESTIGATE CONGRESS.

When the public once becomes aware of the fact that Congress is to blame for the economic ills that make of the people industrial slaves, there will be an investigation of Congress by the voters. That will get to the bottom long before the investigation of the trusts by Congress will. Trusts have been prosecuted, but the cost of living is not going down. Certainly not. The trusts add the costs to the price of goods they sell or the service they render. The people pay for the goods they buy and the services they receive. The costs of the prosecution as well as that of the defense is added. But still under our present system it is necessary to prosecute in some cases.

THE MONEY LOANERS' MONOPOLY.

The banks are now the only practical depositories for money. The Government by a most ingenious system is to direct all funds into bank control. It will also issue money to the banks and no one else. The banks are to be the exclusive distributors, with no limit on the charges that may be made to borrowers.

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The commodity gold is made a legal tender and the standard of value—the final redemption. As long as those conditions continue, there is no remedy for the present economic evils.

The Government should issue and distribute sound money its own, not gold. Gold is not a true measure of value nor sound as a legal tender, because prices do not fairly adjust under the gold standard. I realize that there is such fear among Members lest they be marked for defeat by the money power that they run for cover the moment the gold standard is attacked.

We now have the gold standard. It is unsound. The results show it. I shall give concrete examples: The New York Times Annalist, September 8, 1913, states:

The cotton crop of 1912-13 is 14,167,115 bales, a decrease under that of 1911-12 of 1,971,311 bales.

The total value of the large crop, measured by the gold standard, was much less than the value of the small crop, measured by the same gold standard. Here is what the Annalist said about that:

The value of the crop (1912-13), including seed, is placed at \$998,425,059, against \$937,280,764 (for 1911-12 crop), and attention is called to the fact that for a crop embracing 1,971,311 bales less cotton and 893,000 tons less seed, the South received \$61,000,000 more money.

That is the way the gold standard works. It is the gamblers' standard. But let us take another concrete example. I quote this time from the Minneapolis (Minn.) Press, which keeps well informed on the wheat market as any in the world. Here is what was published last November.

DAILY NEWS, WASHINGTON BUREAU,
Washington, November 14.

Although the wheat farmers of the United States raised 23,000,000 bushels of wheat more this year than they did a year ago, their crop is worth \$32,000,000 less, according to the Crop Reporting Board of the Bureau of Statistics of the United States Department of Agriculture.

The figures prepared show this in spite of the fact that the wheat this year weighs out three-tenths of a pound to the bushel heavier than a year ago and more than a half a pound better than the 10-year average.

I could multiply examples of this kind by the hundred to show that the gold standard is the gamblers' and speculators' standard and not a true standard. The farmers have in the last 20 years been cheated out of billions of dollars by this false standard. On this subject I quote the following from my minority report made to the House:

GOLD STANDARD RESPONSIBLE FOR MANY OF THE SOCIAL EVILS.

On March 14, 1900, after an adroit campaign carried on by the special interests covering a considerable period, Congress passed an act which called for the permanent establishment of the so-called "gold basis" for all of our money. Since then there have been new inventions made for mining gold which make the available amount more plentiful, with the result that the "gold basis" is puzzling the Money Trust. But there is a still further complication, and that is that the people are becoming familiar with the fallacy of the "gold standard," and they are becoming dissatisfied in proportion to their understanding of its bad effects.

The dollar is worth less now than it was in 1900; that is, it will buy less. That fact, particularly, does not satisfy the creditor class. They have had enormous interest returns; but they have lost a part of that advantage because of the depreciation of the purchasing power of the dollar. To a greater or less extent all of the people are dissatisfied with it; many for selfish reasons; and they only desire a remedy to be adopted which will help them alone, but there are fewer of these than there are of those who seek a reform which will better the conditions of all.

We have seen many comments in the press lately in regard to a plan devised by Prof. Irving Fisher, of Yale University. Mr. Fisher is no doubt an honest and earnest worker who is trying to reform the gold standard. He has arrived at the inevitable conclusion that every capable student must finally adopt, and that is that the present gold standard is not the standard by which we can secure honest money.

Prof. Fisher has given a most thorough analysis of the production and supply of gold and shown quite extensively the effect of its present use as a money standard upon the prices of commodities. I have given below a synopsis of his plan as stated in the Boston News Bureau of December 28, 1912. It is as follows:

"Prof. Fisher is one of the most distinguished economists in this country, if not in the world. He is eminently practical and not merely theoretical in all his work and writing.

"All who have to do with long-time contracts recognize the desirability of a monetary unit of fixed purchasing power.

"The following is Prof. Fisher's plan for converting the gold dollar into such a composite unit, thus standardizing the dollar. Such standardization would be effected by increasing or decreasing the weight of gold bullion constituting the ultimate dollar in such a way that the dollar shall always buy the same average composite of other things.

"Every dollar in circulation derives practically its value or purchasing power from the gold bullion with which it is interconvertible. Every dollar is now interconvertible with 25.8 grains of gold bullion (nine-tenths fine), and is therefore worth whatever this amount of bullion is worth.

"The very principle of interconvertibility with gold bullion which we now employ could be used to maintain the proposed standardized dollar. The Government would buy and sell gold bullion just as it does at present, but not at an artificially and immutably fixed price.

"At present the gold miner sells his gold to the mint, receiving \$1 in (say) gold certificates for each 25.8 grains of gold, while on the other hand the jeweler or exporter buys gold of the Government, paying \$1 of certificates for every 25.8 grains of gold. By thus standing ready to either buy or sell gold on these terms (\$1 for 25.8 grains), the Government maintains exact parity of value between the dollar and the 25.8 grains of gold. Thus the 25.8 grains of gold bullion is the virtual dollar.

"The same mechanism could evidently be employed to keep the dollar equivalent to more or less than 25.8 grains of gold, as decided upon from time to time.

"The change in the virtual dollar (bullion weight of gold interconvertible with the dollar) would be made periodically, or once a month, not by guesswork or at anybody's discretion, but according to an exact criterion. This exact criterion is found in the now familiar 'index number,' which tells us whether the general level of price is, at any time, higher or lower than it was. Thus, if in any month the index number was 1 per cent above par, the virtual dollar would be increased 1 per cent. Thus the dollar would be 'compensated' for the loss in the purchasing power of each grain of gold by increasing the number of grains which virtually make the dollar."

Prof. Fisher has performed a great service to his country and to the world by discrediting the gold standard so convincingly. When a man of his prominence and ability has the courage to state his beliefs, the more timid of those holding like views of which there are many, ought to take an active part in supporting the indictment of the gold standard.

While the professor has clearly indicted the gold standard and conclusively shown that it is a false one, I do not agree with the remedy that he proposes. Instead of proposing to abandon gold as a standard and relegating it to its natural place among the articles of commerce he advocates its reform and would still retain it as a standard by making the weight of the dollar variable and determining its value from time to time according to a commodities index. The professor is surely correct in his assumption that commodities have actual value worth considering in connection with the establishment of a true exchange system based upon the actual value of services and commodities. It is to be regretted that Prof. Fisher has complicated the conclusion he arrives at by continuing to consider the gold standard entitled to any greater recognition than is accredited to commodities in general. After proving its falsity he should have suggested the abandonment of the gold standard.

If we were compelled to change the weight of the dollar monthly, quarterly, or even annually, as we would have to do with a commodity dollar; if we tried to keep it of the same purchasing power all of the time, it would give us more trouble than we now have in changing the tariff schedules; but while Prof. Fisher has performed a world service in being instrumental in giving general publicity to the falsity of the gold standard, that publicity is pushed by the influence of selfish interests, because they are pleased with the remedy he proposes. If he had not proposed to standardize the gold dollar, his proof that it is not an honest measure of value would have received no publicity greater than he himself and his friends and a few others could give to it. It would have been ridiculed if he had not proposed a remedy that suited the interests, for the money sharks demand some measure that is favorable to them and not fair to the people. They have always sought to make the world believe the gold standard to be sacred and, therefore, that the people were bound to support it, no matter how much it wronged them. These selfish interests have simply seized on this proposed remedy, which I believe Prof. Fisher to have erroneously suggested without his having given as much thought to the remedy as he had to the facts which conclusively prove gold to be a false money standard.

It may not be generally realized by the people that this is a critical period in the establishment of governmental policies, but the interests are especially alert to that fact. Everything is being done to make the people accept some worthless makeshift, and in some cases actually harmful so-called "remedies," which, if accepted, will delay the adoption of real, substantial remedies until another generation shall enter public life. It is because of that fact that I fear the Glass bill may delay a true remedy. Simultaneously, in all countries where they have the gold standard—and that is in most countries, and in the others equally unjust standards are used—articles were published which were substantially the same in substance as the following, which was published in a Washington paper on April 12, 1913:

"TO ASK INTERNATIONAL GOLD-DOLLAR AGREEMENT.

"One of the features of the proposed currency legislation which will be considered by Congress is the initiation of a movement for an international agreement for the purpose of preventing the depreciation of the gold dollar.

"Such action has been suggested by eminent economists. It is widely held that the enormous increase in gold supply and the consequent depreciation of the gold dollar is the real cause of the high cost of living and high prices."

Not all of the articles appearing in the press directly discuss the gold standard, but many of them are adroitly written in order to impress the reader and prepare him to receive the information that the gold dollar is not now a good standard, but further designed to make the reader come to a wrong conclusion on the question of a remedy. When the first half of an argument is true, unless the reader is very careful it goes far toward making him believe that the second half is also true, and that is frequently the case, even when the conclusions are wholly erroneous, as long as the material is adroitly handled. That is where the danger comes in the discussion of the gold standard from the side of the special interests alone. Innumerable articles are now published, in fact the plan is systematically advertised for that very purpose. But there are other articles which are written and published in good faith, and in these there is no intention to deceive. An article was published in Collier's Weekly, also on the date of April 12, 1913, which I quote:

"THE DISCOURAGEMENT OF THRIFT.

"The people of the United States have now saved up well over a hundred billions, as measured by current money standards. The aggregate is amazing, and, while the amount per capita is not large, nothing like it was ever known before in any country. This saving takes on many forms—the largest, of course, being in the rearing of children, which shows itself in the steady increase in the value of land. The next is ownership of enormous amounts of securities of railway and industrial companies and the like. Then probably comes life insurance. The savings in banks are relatively small. The increment in land values goes to much less than one-half of the population, even in theory, and a comparatively small number of people get the benefit which is made up of the efforts of all. The larger amount of the securities outstanding represents a more or less fixed value. The eighteen billions of insurance in force is of absolutely fixed value. While these securities and insurance obligations were being created the relative worth of the dollar has been rapidly declining. The forehanded folk who saved and loaned this money get for it an average return of less than 5 per cent, and if they received back the principal now it would buy of land or food one-third less than 12 or 15 years ago. This is a savage penalizing of

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Thrift. We believe that events will soon focus public attention upon this serious problem. The procedure of the insurance companies, which in part is enforced by law, is of special interest. The companies collect above \$600,000,000 annually from policyholders, and from this loan largely on long-time notes. They act simply as money brokers, but with this effect, that with the rapid depreciation of the currency in the last 15 years, they are now returning to their policyholders, on death claims or matured policies, relatively far less than the average amount of money which the policyholders have paid in. Roughly speaking, the policyholder has been paying in \$1 bills; he will get back 66-cent pieces. Theoretically, the compounding of the interest on premiums ought to pay the companies' expenses and yield the policyholders a profit on the average payment. In point of fact, with the extravagance of the companies and the decline in the purchasing power of the dollar, there is a serious loss. This is not as it should be. A remedy might lie in a radical change of investment. A larger part of the insurance money is loaned directly or indirectly on land. Actual ownership of the land ought to be as safe as loans, and, if gold inflation is to continue, more profitable. It is something to think about."

Surely Collier's states the truth when it says that it is something to think about. We have indeed been buncoed long enough—so long that we ought to think about it seriously. It is up to Congress right now.

The Money Trust is satisfied with the new banking and currency bill, because it requires more gold, so now for a time they will not find it necessary to advertise the standardizing of the gold dollar.

I believe that the remedy is necessarily twofold: First, and concurrent with the establishment of a new system, the old system should be so amended that some of its most serious administrative defects will be diminished. It should then serve as a vehicle for carrying out the equitable relations and obligations already existing as a result of the legitimate business based upon it.

Second, an entirely new system should be instituted, which shall be founded upon the natural demands of commerce and trade and divorced from personal favor or property preference. This new system should be the basis for the establishment of a permanently solid and equitable means of exchange.

In order to completely accomplish the latter, we will have to cease monetizing gold. But that prohibition would not prevent, nor should we desire to prevent, the use of gold as a means of exchange. The Government, on being paid the cost of stamping, may properly stamp the weight and quality on any commodity of commerce and let it pass in exchange on a basis of its own intrinsic value. Anyone who demands more than that privilege for the use of a metal or other commodity is intentionally unfair to the rest of us, or ignorant. In most cases it is because the persons accept seeming facts without actually understanding the conditions which surround them. If the owner of gold, silver, or other commodity desires to pay the Government the expense of the operation, there need be no objection. To so stamp gold and make it legal tender is simply to decrease the value of our labor and of our property—if we have any, unless we also possess gold enough to offset, which most of us do not.

The owners of gold claim that it has an intrinsic value which makes it the most practicable commodity to use as money. Because of its small bulk it is a convenient commodity to ship and store. But it can be used as a means of exchange without making it legal tender. The Government could still stamp its weight and fineness, and then it could be exchanged in the same way that it now is if it really is intrinsically worth what they say. If it is not, then it should be exchanged for only what it is worth. When the owners of gold ask anything more, they, in effect, admit that it becomes more valuable with the legal-tender privilege than without. They would not demand it if that were not true. It can not be made legal tender except by governmental act. A governmental act is the act of the people, and there is no reason why the people should stamp gold or any other commodity that belongs to individuals with a special privilege. This results in a tax against themselves. Let gold be weighed and tested and given credit only for what it is. Existing coins will retain their legal tender while in circulation, but when the Government acquires any such, their legal-tender character should be removed, and after that bullion should be stamped with its weight and quality and should become an article of commerce standing on its own merits.

If the owners of gold are correct in their statement that gold circulates on its intrinsic value, instead of partly on that and partly on the additional value it acquires by reason of the demand created by the legal-tender stamp, it is useless for them to ask that it be made legal tender, and if gold is not commercially worth what it circulates for as legal tender, then the owners are unjust in asking the public to support the value added to gold by the Government stamp. Let them take whichever side of the proposition they wish. In the one case the legal-tender quality would be useless. In the other it would be a burden placed upon the public and supported for the benefit of the owners of gold.

To cease monetizing gold or metal is to drop a practice long indulged in for the benefit of the money loaners. The people have become accustomed to paying them for the credit supported by themselves. I can not say that it can be entirely stopped. There are many practices that injure the people generally, but are nevertheless followed. I simply call attention to certain facts that can not be successfully disputed. I know, and so does any careful student know, whether he admits it or not, that the fact that the Government stamps legal-tender privileges on gold creates an increased and artificial demand for it, and consequently a merchantable value that is very much in excess of what it would be if the gold did not have impressed upon it this legal-tender privilege. It now partakes of the character of monopoly. Every additional cent of credit given to it above intrinsic worth as an article of commerce, by reason of the Government's stamping it legal tender, is first extorted from the people's own credit, next accumulated in the form of so-called "capital," and after that becomes the basis for charging them compound interest for generations—perpetually—if they shall not emancipate themselves by an abandonment of this false practice. As far as the principle is concerned, there is no difference between the Government stamping gold as legal tender and giving the owner the advantage of its increased value, and the same stamping process being applied to plain paper.

Under the present practice all value in excess of what gold is actually worth as an ordinary article of commerce is fiat credit added to it by the people. If the same stamp were affixed to paper, it would all be fiat. It is simply a question of degree, and neither can be extended to the individual as a free privilege without robbing the people of all that is added by their credit.

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The whole problem simply reduces itself to a question of how long will the people submit to remaining industrial slaves to the system. The gold owners ridicule flat greenbackers, yet they themselves are fiatists. If they are not, why do they object to gold circulating on its own commercial merits? Why do they wish to coin it with any other designation than its weight and fineness and why force the people to take it as legal tender? They are inconsistent in claiming a special privilege for gold. If gold is worth all they claim for it, it needs no extra function. If, on the other hand, it is not able to retain its present relative value without being legal tender, then that is positive proof that it should not be made legal tender. In the one case it is unnecessary; in the other case it is unjust. The Government will have to cease monetizing gold or any other metal as soon as the people generally realize its present imposition on them.

You may say that some losses would be suffered in a readjustment. That will of course be admitted, but the losses would not begin to equal those that are continually taking place now. The excessive interest and expense of maintenance resulting from the use of the false system under which we operate is so great that, notwithstanding all of the modern inventions that have immensely increased the people's productive energy, most of us fail to secure the ordinary advantages that are due from this civilization to every honest, industrious person.

I do not say demonetize gold. I simply say cease to monetize it. Coin no more metal with the legal-tender character attached except that required for small change. Our gold will circulate in foreign markets on its weight and quality equally well without the legal-tender privileges as long as foreigners will use it for their legal tender. Gold will do that as an article of commerce, and foreign nations may convert it into their own legal tender if they like, but any nation that uses gold as legal tender after a great nation like our own ceases to do so will be adding additional burdens to the present burdens of its people. Whatever gold we have in excess of what we need for the sciences and arts we can dispose of for such articles of commerce as we actually require, and it will be that much to our advantage as against the present practice of hoarding it. We have more gold than any other nation, and if we cease to monetize it the other nations will soon do the same. The common intelligence of the people generally has reached a point where they ought to take the lead in forwarding a plan which will prove the use of any commodity as legal tender to be a fallacy and result in the eventual discontinuance of such a practice. America should lead in doing this.

Let us consider in concrete form the effect that the money loaners' dollars—which, by the way, are the dollars that we use—have on the cost of things—and when I say cost I mean the expenditure in human toil necessary to acquire the necessities, conveniences, advantages and luxuries appropriate to human life. I shall not burden anyone with detailed figures, because a mere statement will satisfy those who are sufficiently interested to study the present practices in the light of their own observation and experience.

I have examined the table of prices of various staple articles for a period covering 45 years and have come to the conclusion that the money loaners' dollar is not a measure fitted to the requirements of a people desiring equitable relations with each other. It is simply a gambling dollar, and prices are regulated by a manipulation of it instead of by the intrinsic value the commodities possess as articles of necessity. The people who are engaged in useful occupations producing commodities or serving other demands of society are prevented from making the natural interchange of their products and services, because of the injection into their commerce of a fake currency and banking system, by the use of which speculators and financiers, so called, are able to pillage on all the exchanges. The system built up by these pillagers is an unnatural and unjust one.

It often happens that the aggregate value in money of a large quantity of a useful commodity will command less in one year than that of a smaller quantity bought in another year. Who, for instance, will claim that 3,000,000,000 bushels of wheat (supposing that to be the world's crop) is worth less in the aggregate for food and seed than 2,700,000,000 bushels, other things being equal, except money, which seldom is? No one claims that 3,000,000,000 bushels of wheat is actually worth less than 2,700,000,000. It is a fact, however, that the lesser quantity will often sell for as much, and sometimes more, than the larger quantity. A difference of 10 cents a bushel will accomplish that result, if the 3,000,000,000 sold for 90 cents and the 2,700,000,000 sold for \$1. Illustrative of that fact, let me quote the following from the Saturday Evening Post of March 15, 1913:

"THE VICIOUS CIRCLE.

"We harvested bumper crops last year, you remember. May wheat at Chicago is worth 10 cents a bushel less than a year ago; corn and oats about 15 cents less. Yet commodity prices, as a whole, have declined scarcely at all. The index number, which compounds the price of many leading articles, is almost as high as ever, which means the cost of living is still about at the top notch.

"The bumper crops stimulated trade in many lines, and that usually brings higher prices; while wheat went down, iron and steel products went up. What you saved on flour you lost on the pan to bake it in. And Wall Street echoes with complaints that investors, spurred on by higher cost of living, are demanding more interest, thereby raising the cost of manufacturing and transportation. This higher cost must be offset by higher prices, to overcome which investors must demand still more interest.

"Meanwhile labor, so to speak, chases its own tail, demanding higher wages, which result in higher prices that consume the increased wages, which naturally induces a demand for still higher wages that result in still higher prices."

Every farmer knows that a difference of 10 cents a bushel between the price a commodity brings in one year and the price it brings a different year is not uncommon, but the railways charge full price for shipping every bushel, and the larger the crop the more they get, while the farmer must handle the additional wheat and get less for it. A farming having the equivalent of 300 bushels of wheat to sell in a year when crops are generally abundant expects to receive a little less per bushel than he would receive per bushel for 270 bushels in a year when crops were not abundant, but he does not expect to give away the 30 bushels difference because he has more wheat than the year before. If that were to be the result, it would pay him, from his own individual financial standpoint, to burn up a part of his crop when it was abundant. In fact, the cotton farmers of the South started to do that a few years ago when there was a large crop and the price was very low. If the credit of the people had been coined into their own money instead of into the money lender's money, no thought of so destructive a nature would ever have occurred to the cotton growers or to any other producer of commodities.

There should be no legal tender other than that issued by the Government, and no individual ought to be able to obtain it without giving its equivalent in return. If such were the case the problem of interest (as a disturbing factor) would cease, and a new era would dawn upon the world. The present difficult problems created by our arbitrary and ridiculous banking and currency system would then give place to natural selection. I use the term "natural selection" in its scientific sense, because we can not run the Government in the interest of the people unless we follow the supreme laws that will unquestionably govern in the end. When we do there will be no choking up of the system by the arbitrary acts of the financial kings, for they are but a product of the arbitrary and unnatural practices that the people have fallen into the habit of using as a means of conducting their business, nor will the majority of men be paying penalties in the form of overwork, worry, and discouragement.

The bankers have a true system of clearing exchanges. As an example of that, I call attention to the fact that in 1911 there was cleared through the 140 clearing-house associations \$92,420,120.092. Their scheme is a good one for taking care of the exchanges of the country, and it helps the country as long as we have not a better one. By its use only \$47.80 of actual cash was required in order to handle each \$1,000,000 (of checks on the banks) that passes through the clearing houses. But, unfortunately for us, the fees the bankers charge for putting our own credit on their books, before we are even enabled to draw checks, is so great that the people generally are overburdened by reason of it.

Of course these exchanges should go on wherever they serve the general welfare, and since we ourselves have not provided a better method we are under obligations to the bankers for having honored and made current and merchantable our own credit. But since these exchanges relate to our business and are used directly by most of us at some time, and indirectly by all of us all of the time, we should establish a system that will give us the least costly service. The main thing for us to do is to eliminate most of the interest charges and make it practicable for the human family to thrive by industry by having industry available to all people who wish to be and are industrious. That does not mean that the banks should be superseded by new exchange agents, but it does mean that the banks should be required to adjust to a new system that will cost the people less. It means also that there would be fewer banks, because under any economic system of exchange there would be no more necessity for several banks in cities of less than ten or twenty thousand people than there would be a need for several post offices in towns of that size.

Let us take up the discussion from still another viewpoint in order that no one shall possibly misunderstand. Money as such is not a thing of prime necessity. It is merely a convenience which enables us to make such exchanges as we may wish without the cumbersome handling of property.

The banks have taught us to use checks instead of the actual money, and it is true that they cash these, but, as we observed before, we can not draw checks until we have arranged with our banker, and in order to make that arrangement, unless we have the real money, we must pay him interest at a rate that makes the greatest number of men poor and a few enormously rich. The fact that the bankers can make exchanges that represent hundreds of billions of dollars annually, when, as a matter of fact, there never was at any one time as much as \$1,700,000,000 in all of the banks combined, and of the money they do actually hold, which is approximately \$1,500,000,000, two-thirds of it or more is lying dead in their vaults as reserves and is never used.

We are under obligations to the banks for teaching us this economy in the use of money and credit. But, after all, as we observed before, the credit is supported and maintained by the resources of the people and the daily application of their energy. The banks have simply filled the office of making it current and merchantable. We do not owe that tribute to the bankers, and thanking them for the good that they have done, but for which they have been overpaid, we are now prepared as a people in our national capacity to pass the necessary laws and to perform the governmental function laid down by the Constitution, "To coin money, regulate the value thereof" (and "of foreign coin" when used in our country) in behalf of all the people of these United States. We should profit by the example of the banks in copying somewhat after some parts of the system they have used for making exchanges, but as a Government we ought to furnish the advantage to all of the people on equality and with the least expense practicable. The Government can do what the banks are doing and save to the people as much as the banks make in excessive dividends, besides the still greater profits that are made on speculation on the side.

The Government shall "coin money and regulate the value thereof." That is the constitutional provision. The great special interests have been sticklers for following the Constitution whenever it has blocked the way to the people's progress if that might in any way interfere with the practice of the interests, but whenever the special interests find it to their advantage to follow any practice profitable to them, the fact that such practice may be in contravention to the Constitution and the laws does not in the least embarrass or hinder them, as long as the people do not invoke the law. When the people do, every possible dilatory tactic is resorted to by the interests to delay compliance. The consequence has been that the Constitution has often been used as an instrument to prevent the people from enforcing their rights.

"Sound money" will be the song that will be sung to you by every advocate of the special interests. I have shown, and they have already stated and proved, that what they have in the past called "sound money" is not "sound." By doing that they aid me. By that admission they disclose the fact, and it is a fact, that they have defrauded all of the people by their so-called "sound money." Their kind of sound money has enabled them to become wealthy and independent, but it has prevented the people generally from doing what they have a right to do, and should have done, namely, retained the fruits of their own labor.

The kind of exchange that we should use is the kind that anybody who has value to give can get without paying usury. That kind will be the sound money of the people—the honest money. Those who wish gold may have it—there will be nothing to prevent their buying it. We, the people, on their presenting it, will stamp its weight and fineness for anyone who will pay the cost of doing so. We will do that to insure to the people who wish the gold the amount the Government stamp certifies that there is in any given piece of metal. That is honest, and to do anything more is dishonest to the people, but the Government could not say that it was legal tender and thereby give it a special quality that it did not possess in itself. We can do the same with any commodity that it is practicable to use as a thing of exchange. The demand for commodities of all kinds will be in proportion to the service they may render to the people, and no one should complain when absolute justice is to be done. As a consequence

the Government would create no more "commodity" money either for itself or for the people, because it would not only be unjust to do so, but unnecessary and ridiculous. When anyone wishes commodities let them buy them as such.

Everybody knows that we must have money, and now the question arises as to what kind it shall be. "Honest money," of course, instead of what we have now and are told is "sound money," whereas in truth it is the opposite of "honest money," and should have been named accordingly. We want a kind of money the buying and selling properties of which remain respectively constant. In other words, we want a kind of money that will buy the exact equivalent of what it cost us to get it. We want the kind of money that serves the same office among the people in their commercial and social relations with each other as the drafts and checks serve in the business transactions entered into by the bankers. We do not intend that the bankers shall have a better system for themselves than we have for ourselves. We expect to pay those whose duty it will be to help make the exchanges. The bankers will be able to give as effective and valuable service in this other up-to-date system as they have given us heretofore; but the past service has been altogether too expensive, and therefore not sufficiently effective. We have no prejudice to vent upon the bankers. As the system stands they serve the people generally the best they can. There are always, of course, a few isolated exceptions. But the time for us to do for ourselves what the bankers are doing for themselves is here and now, and we should hasten to adopt a system of exchange under which it will cost the people no more to make their commercial exchanges between each other than it costs the banks to make exchanges between the bankers and their cash customers. It is just as simple for us as it is for them, and we have the indisputable right. We owe it to ourselves, to our children, and to all posterity to have an efficient, self-sustaining, and effective system.

The people are the Government. Therefore the Government should, as the Constitution provides, regulate the value of money. There is no other real sovereign power, because all authority emanates from the people. Money is the means of exchange among all people. Its regulation is absolutely a governmental function, and the Government has no natural inherent power that enables it to impart to money any other property or quality than that of making it the agent of exchange.

Congress is not justified in passing an act that does not do complete justice to all. Merely to improve a false old system, but still leave it in operation, to continually force a sacrifice of the people's very life energies, is criminal.